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The zero-touch customer experience

Uncovering the future of consumer
interactions with telecom service providers

An Ericsson Consumer & IndustryLab Insight Report
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Methodology

This report gathers insights based on both quantitative and qualitative research methods. Quantitative data was collected from seven markets: Brazil, China, Germany, South Korea, Sweden, the UK, and the US. Approximately 7,000 online interviews were held with smartphone users aged 16 years and over. This study is representative of over 700 million people.

Qualitative insights were gathered through four focus groups conducted in London and New York. All participants were advanced smartphone users and users of intelligent voice assistants or chatbots.

Expert interviews were also carried out with companies involved in the production or usage of chatbots.

About Consumer & IndustryLab

Ericsson Consumer & IndustryLab delivers world-class research, strategic design concepts and insights for innovation and sustainable business development. We explore the future of consumers, industries and a sustainable society in regards to connectivity by using scientific methods to provide unique insights on markets, industries and consumer trends. Our knowledge is gained in global consumer and industry research programs, including collaborations with renowned industry organizations and world-leading universities. Our research programs cover interviews with over 100,000 individuals each year, in more than 40 countries – statistically representing the views of 1.1 billion people.

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The new era of consumer interaction

Digital leaders like Amazon, Apple, Netflix and Google are providing consumers with a better digital experience, both in terms of what they offer and in what they simplify and rationalize.¹

Consumers perceive digital leaders as innovators, as they use technology to challenge customer service norms, streamline customer service and change the status quo.

As the insights in this report show, this is setting consumer expectations for interactions with companies, including telecom service providers. The introduction of artificial intelligence (AI) and big data analytics is also set to further disrupt the way consumers interact with companies. Consumers will expect telecom service providers to build more meaningful relationships and improve the customer experience through technology.



Key insights

1. Consumers feel exhausted by interactions with telecom service providers:

- On average, it takes smartphone users 2.2 attempts and 4.1 days to successfully complete an interaction with telecom service providers.
- High customer effort impacts satisfaction levels – the number of satisfied users decreases by 30 percent if it takes more than 1 day to get things done.
- Consumers crave a personalized experience. Only one-third of consumers believe their telecom service provider understands them as a customer.
- Telecom service providers need to understand how much effort customers put into interacting with them, and quickly identify, validate and develop action plans to reduce this effort.

2. Current digitalization efforts mirror the analog world:

- Forty-six percent of smartphone users think their telecom service provider hides behind "bad" technology, such as do-not-reply emails, automated replies and time-consuming and impersonal Contact Us forms.
- Digital channels are not reducing time or effort for consumers, so satisfaction is not increasing. Those using traditional channels to interact (in store or over the phone) are equally satisfied as those using digital channels.

3. Consumers expect a zero-touch customer experience:

- While telecom service providers still struggle to deliver an effortless experience, AI and analytics might help them leapfrog and realize a zero-touch customer experience future.

- Consumers expect telecom service providers to move beyond chatbots and into intention detection, where issues are handled automatically. More than half (56 percent) of smartphone users expect telecom service providers to anticipate their needs and pre-empt issues before they occur.
- In a zero-touch customer experience, 45 percent of smartphone users would use biometric and voice authentication to speed up customer support, and 51 percent would like to see a self-healing network service that detects and solves problems in real time.
- This high-tech customer experience will still need humans to empathize with consumers; 6 in 10 smartphone users think that the rise of AI chatbots will make it difficult for them to reach out to human agents.

¹ Ericsson ConsumerLab, The one-click ideal, May 2016

High-effort customer experience

Smartphone users interact with telecom service providers across multiple touchpoints – from discovering offerings and signing up to services, to requesting support with ending a contract.

Consumers believe telecom service providers treat these touchpoints like they are isolated interactions. However, this siloed focus means they miss the bigger picture: the end-to-end consumer experience, and the effort involved in getting things done across these touchpoints.

The study analyzed the effort required from consumers in all parts of their telecom service provider journey. The survey shows that interacting with telecom service providers requires a lot of consumers' time and effort. On average, it takes consumers 2.2 attempts and 4.1 days to complete an interaction, regardless of what they wanted to accomplish, as seen in Figure 1. The number of attempts, time taken and satisfaction levels varied between the countries sampled in the

study. Time and effort were highest in Brazil, and relatively lower in the UK and the US. The effort and time required has a huge impact on satisfaction levels – for example, the number of satisfied customers decreases by almost 30 percent if it takes more than 1 day to get things done, and 50 percent if it takes 3 to 4 days.

As a result, an effort metric could be a way for telecom service providers to measure and possibly monetize a future customer effort change.

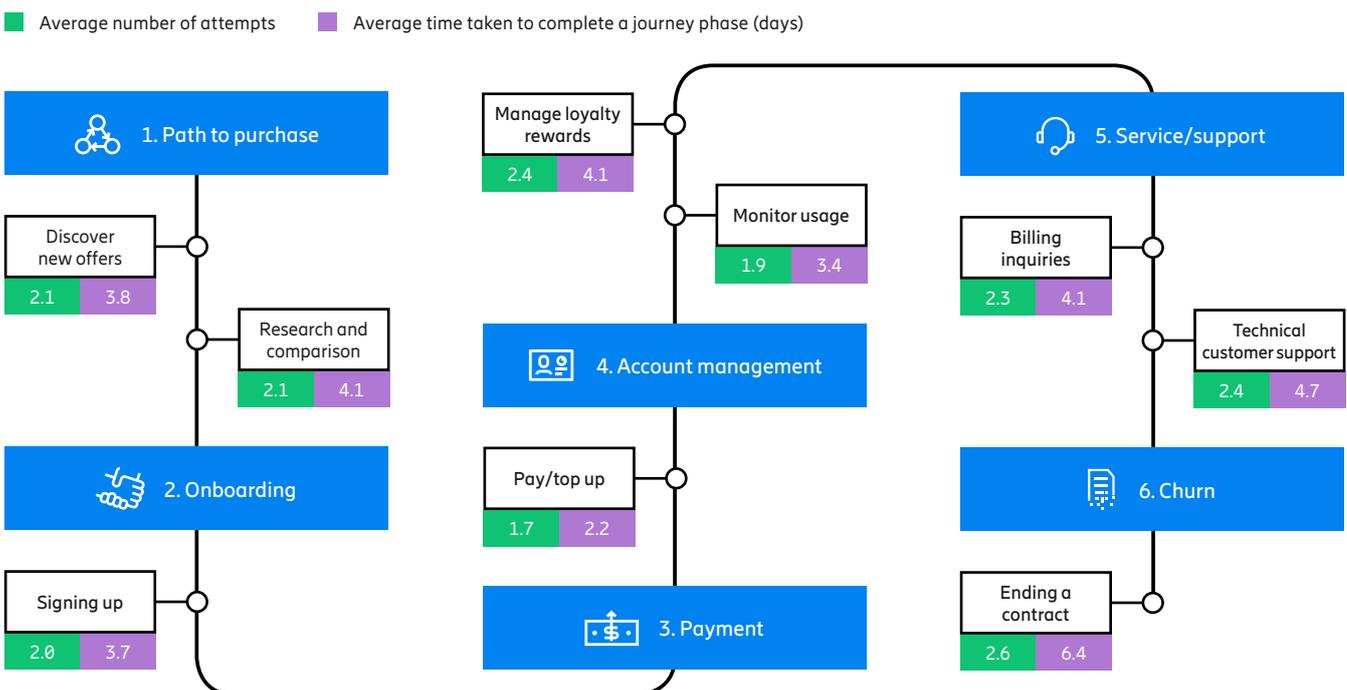
Consumers also perceive their relationship with service providers to be impersonal and irrelevant. In fact, only one-third believe their telecom service provider understands them as a customer.

Consumers expect personalization without losing control

Consumers want to feel special, and are calling for a more personalized and meaningful relationship with telecom service providers. They appreciate the sense of being in control and making well-informed decisions, rather than just being exposed to marketing messages. They see digital leaders using their data to improve and personalize customer experience, and they expect telecom service providers to do the same. Half of consumers think their telecom service providers should use the information they already have about them and their behavior to provide a more personalized service. However, they also want control over what information is used and what is shared with third parties. Feeling understood by a telecom service provider is a strong driver behind consumer loyalty.

On average, it takes consumers 2.2 attempts and 4.1 days to complete an interaction, regardless of what they wanted to accomplish.

Figure 1: Number of attempts and time taken to complete different interactions across the consumer journey with telecom service providers



Source: Ericsson Consumer & IndustryLab, The zero-touch customer experience, 2018
 Base: 7,000 smartphone users in Brazil, China, Germany, South Korea, Sweden, the UK, and the US

Digitalization mirrors the analog world

Despite the efforts by telecom service providers to digitalize interactions, our survey suggests that about 50 percent of all interaction with telecom service providers still takes place via traditional channels, and there is a mismatch between what consumers expect and what is delivered.

While digital leaders are leveraging technology to enhance the consumer experience, the same is not true in the telecom industry.

Telecom service providers are introducing new ways for consumers to interact with them and seek support, but new channels like social media and self-care apps still only account for a small fraction of interactions (2 percent and 11 percent respectively). So far, these new channels only create a digital experience that mimics the analog experience, and

show a very similar result in terms of effort expended, time, and customer satisfaction, as seen in Figure 2.

On top of that, nearly half of customers (46 percent) think their telecom service provider hides behind "bad" technology – such as do-not-reply emails, automated replies and time-consuming and impersonal Contact Us forms. This has led to a belief that interactions will not improve with technology. For instance, 60 percent think chatbots won't be as capable as humans when it comes to understanding their customer care problems.

Consumers want the best of the digital and traditional channels combined. Traditional channels are still the most used and favored, allowing you to touch and feel a new smartphone in-store and negotiate a contract with a salesperson over the phone. However, they also think

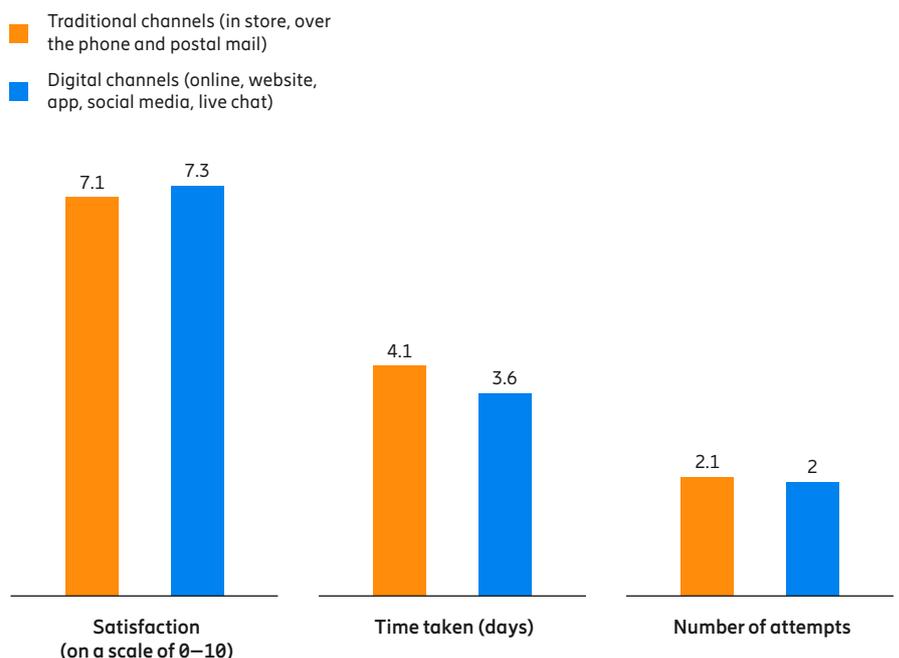
Nearly half of customers believe telecom service providers hide behind "bad" technology, such as do-not-reply emails, automated replies and impersonal Contact Us forms.

digitalization adds key components, such as the convenience of interacting from anywhere, and 24/7 availability. Achieving the right balance between traditional and digital will create the richest consumer experience, but both need to evolve. Consumers expect digital experiences to be integrated seamlessly, supporting and adding value where it matters.

"The automated voices I speak to make me so frustrated. They don't understand me. I just want to talk to a human about it. Time is so valuable. I'd rather just get straight to the person rather than also deal with a robot."

Jennifer, 29, US focus group

Figure 2: Average consumer satisfaction, time and number of attempts needed to complete an interaction, based on type of channel used throughout the customer journey



Source: Ericsson Consumer & IndustryLab, The zero-touch customer experience, 2018
Base: 7,000 smartphone users in Brazil, China, Germany, South Korea, Sweden, the UK, and the US

From one-click to zero-touch

Digitally leading brands offer consumers what they want with minimal effort. The mobile site, app, one-click checkout, and fast delivery are all designed to make interactions easier, faster, and more convenient.

Now consumers expect the same hassle-free, one-click digital experience from telecom service providers (as shown in the Ericsson ConsumerLab report, "The One-Click Ideal").

The one-click ideal represents the desire for a truly intuitive consumer journey, and challenges telecom service providers to deliver a better digital experience. However, it is far from a reality, as telecom service providers still struggle to deliver an effortless experience. That said, AI and analytics could help them leapfrog from one-click to a zero-touch customer experience future.

In a zero-touch customer experience, AI and automation would pre-empt consumer needs and solve issues in the shortest possible time. This change will happen in two ways:

1. Enabled by AI, telecom service providers could use data from earlier interactions

and consumer behavior to predict what consumers need before they even contact them for support. More than half (56 percent) of smartphone users expect telecom service providers to anticipate their needs even before they realize what they are. Consumers are starting to expect that telecom service providers will go beyond keyword detection through chatbots to intention detection, which requires no interaction whatsoever from their side.

2. While we have grown accustomed to typing, clicking and swiping on our devices, new methods are emerging based on voice, gestures, and augmented or virtual reality. According to a study carried out by Ericsson ConsumerLab in 2017, 1 in 10 households in the US already has a voice-enabled home assistant device such as Amazon Alexa.² As voice assistants become more prominent in consumers' everyday lives, consumers will expect integration of support interactions over those platforms too.

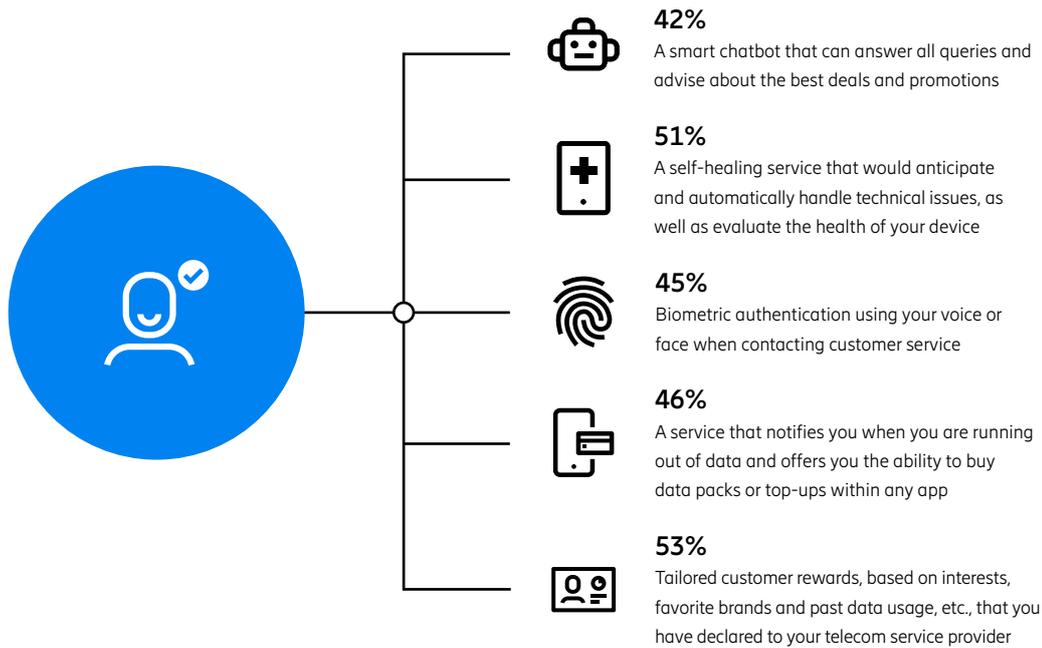
Consumers want to avoid irrelevant and meaningless customer experience interactions, and enhance the meaningful ones. Messages and campaigns from telecom service providers are expected to be both accurate and pertinent. This creates the foundation for a more engaged and relevant relationship.

Services that offer a zero-touch experience also appeal to consumers. For example, 45 percent would use biometric authentication to seek support, so they don't have to go through a time-consuming identification process. Meanwhile, 51 percent would like to use a self-healing service that detects and fixes technical problems before they are even aware of them, eliminating the need to contact customer support. Interest in such services is higher in China and Brazil where consumers are perhaps more in favor of these services. However, the percentages were lower in Germany and Sweden, where consumers appear to be less open to these ideas. In future, AI will be manifested in many other ways than chatbots.



² Source: Ericsson Consumer and IndustryLab analytical platform, 2017.
Base: Smartphone users in the US

Figure 3: Level of interest in different service concepts



Source: Ericsson Consumer & IndustryLab, The zero-touch customer experience, 2018
 Base: 7,000 smartphone users in Brazil, China, Germany, South Korea, Sweden, the UK, and the US

AI also raises concern

Consumers don't expect AI to be the solution for everything. They also have concerns, fearing AI will make it harder to speak to humans (63 percent) and will show no empathy (60 percent). Over half

(54 percent) are concerned that chatbots will make them feel anonymized and unimportant. These concerns are deeply related to human emotions, such as empathy, making a personal connection and understanding complex problems.

Humans and AI together

It is clear that AI can be applied to reduce effort in many journey steps, but the human aspect is still extremely important to adding value in some steps; for example, when bargaining for a good deal or discussing personal promotions. In order to achieve the zero-touch future, service providers will have to use AI and humans together where they add the most value – combining AI's ability to store, process, and make decisions based on data, with the empathy, emotional intelligence and personal connections that (so far) only humans can provide.

Digital leaders will continue to push the boundaries of AI and analytics to offer experiences that are contextually aware, removing the need for additional interactions and simplifying experiences by anticipating consumer needs. This will continue to impact consumer expectations and will challenge telecom service providers to be preemptive, predictive, and proactive.

<p>"A digital service is unbiased; it's just a robot. But people have biases and prejudices. They might be having a bad day, or they feel tired. Sometimes, they don't want to be talked to."</p> <p>Jason, 29, US focus group</p>	<p>"There are emotions involved. If you're dealing with an automated robot, it won't be persuaded by your reasoning. If you tell your story to a person, and you plead with them, you have a human connection and they may be more likely to credit your account or work with you more."</p> <p>Megan, 30, US focus group</p>
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